

**THE AYRSHIRE SHARED SERVICES JOINT COMMITTEE -
24 SEPTEMBER 2024**

**Report by Chief Financial Officer & Head of
Finance & ICT**

**AYRSHIRE ROADS ALLIANCE
REVENUE FINANCIAL MONITORING REPORT**

Purpose of report

1. The purpose of this Report is to update the Joint Committee on the revenue budget monitoring position as at 31 July 2024, for the Ayrshire Roads Alliance.

Recommendations

2. It is recommended that the Joint Committee
 - (i) Note the financial management position of the Ayrshire Roads Alliance for 2024-25.
 - (ii) Note the interventions that are being taken to address the adverse financial position
 - (iii) Requests a further financial update at the next meeting of the Joint Committee.
 - (iv) Otherwise, notes the content of this report

Background

3. The Joint Committee approved a Report on 23 May 2014 describing the budget monitoring arrangements for the Ayrshire Roads Alliance.
4. As part of the Detailed Business Case the service budget is split between strategic service delivery and local service delivery. This separates out the core/recurring costs of service delivery from the local service costs at a single Council level. This ensures that decisions on the level of local spend remain with local Members, and ensures that the local Members retain control of their local roads budgets. Appendix 1 provides a breakdown of this split.
5. At its meeting of 19th February 2016, Committee agreed a change to how Strategic Service Delivery would be allocated between the two Councils. A smaller group of core Strategic Delivery staff have been identified and their costs continue to be split equally. The remaining Strategic Delivery costs would be apportioned in line with Local Delivery budget inputs plus actual capital expenditure in-year.

Budget Monitoring Position

6. The overall outturn for 2024-25 is anticipated to be £1.833m greater than budget.
7. Strategic Delivery out-turn is anticipated to be £0.342m less than budget.

Strategic Service Delivery	Combined (£m)
Initial Budget	3.336
Probable Outturn	2.994
Probable Variance	(0.342)

8. East Ayrshire Local Delivery anticipated out-turn is £0.932m greater than budget and South Ayrshire Local Delivery £1.243m greater than budget.
9. Summary information is provided in the table below. A full budget monitoring statement, including reasons for major variances is attached at Appendix 2.

Service Division	Annual Estimate 2024/25 £m	Projected Actual to 31/3/25 £m	Variance (Favourable) / Adverse £m
STRATEGIC DELIVERY	3.336	2.994	(0.342)
LOCAL DELIVERY - EAST AYRSHIRE	4.101	5.033	0.932
LOCAL DELIVERY - SOUTH AYRSHIRE	4.221	5.464	1.243
TOTAL	11.658	13.491	1.833

10. The position for each Council is shown below:

	EAC (£m)	SAC (£m)	TOTAL (£m)
Strategic Delivery	(0.129)	(0.213)	(0.342)
Local Delivery	0.932	1.243	2.175
2024-25 Variance	0.803	1.030	1.833

11. To address the financial position, interventions have been put in place across ARA to apply financial restraint. These interventions will be challenging and will require an increased level of financial control and monitoring to ensure that their implementation has the desired impact. It is proposed that going forward and until further notice:

- A freeze is placed on the filling of all non-essential vacancies;
- An increased level of authorisation by Head of ARA is put in place for all orders and expenditure above a specific level;

- Head of ARA is required to undertake detailed monthly monitoring of expenditure to ensure robust review of essential spend.
- All contracts currently being tendered or appraised are to be reconsidered by Head of ARA regarding continued need and availability of resources.

Progress will be reported to future meetings of Joint Committee.

Timber Transport

12. At the meeting of the Joint Committee on 23rd June 2017, further information was requested in relation to timber transport funding. The undernoted table provides an analysis of relevant project and Timber Transport contributions for 2024-25.

	2024-25 Actual to 31/7/24 (£m)	2024-25 Probable Outturn (£m)
South Ayrshire		
Expenditure on Projects	0.059	0.334
Timber Transport Contribution	-	0.167

Implications

- 13.

Implications	Yes	No	Paragraph number in the report
1. Policy/Strategic Planning	Yes		13
2. Governance	Yes		14
3. Human Resources	Yes		15
4. Equality and Fairer Scotland Duty		No	
5. Financial	Yes		16
6. Risk	Yes		17
7. Community Wealth Building		No	
8. Net Zero		No	

Policy/strategic planning implications

14. The work undertaken by the Ayrshire Roads Alliance aligns with the Community Plan for East Ayrshire Council; and the Council Plan for South Ayrshire Council.

Governance implications

15. The work of the Ayrshire Roads Alliance is undertaken in accordance with relevant legislation.

Human resources implications

16. The establishment of the Ayrshire Roads Alliance is dependent on the available budget. Available budget and human resource requirements will be reviewed as part of budget monitoring.

Financial implications

17. The available revenue budget for the Ayrshire Roads Alliance for 2024-25 is £11.658m. The budget will continue to be monitored and reported to the Joint Committee.

Risk implications

18. Appropriate financial monitoring arrangements are in place to mitigate risk. This is included in the Ayrshire Roads Alliance Risk Register. Regular meetings are held between relevant finance staff and the Ayrshire Roads Alliance.

Appendices (if applicable)

Appendix One - Split between Strategic and Local Service Delivery
Appendix Two - Financial Monitoring Report

Background papers

None

Person to contact

Jane Corrie, Head of Roads - Ayrshire Roads Alliance
Tel No: 01563 503164
E-mail: jane.corrie@ayrshireroadsalliance.org

Implementation Officer

Jane Corrie, Head of Roads - Ayrshire Roads Alliance
Tel No: 01563 503164
E-mail: jane.corrie@ayrshireroadsalliance.org

Appendix 1 – Split Between Strategic and Local Service Delivery	
Strategic Service Delivery	Local Service Delivery
<p>Transportation, Development Control and Road Safety Local Transport Strategy; Transportation Policy; Road Safety Plan; Travel Planning, Cycling Strategy; Planning Applications; Road Construction Consents; Development Planning; Council/Partner Liaison; Section 75 Agreements; Road Safety Schemes; Road Safety Audits; School Travel Plans; School Crossing Patrol; Road Safety Education.</p>	<p>Transportation, Development Control and Road Safety Maintenance of Bus Shelters; Split Cycle Offset Optimisation Technique (SCOOT) systems (an adaptive control system for controlled road crossings); Development Control; Bus Shelter Advertising; Shopmobility; Construction of Road Safety Schemes.</p>
<p>Asset, Traffic and Parking Asset Management Plan; Roads Improvement Plan; Infrastructure Surveys; Inventory Management; Scottish Roadworks Register; Issue of Permits; Performance Monitoring; Accident Investigation and Prevention; Traffic Orders; Traffic Counts; and Parking Strategy.</p>	<p>Asset, Traffic and Parking Maintenance of Traffic Signals, Traffic Signs; Car Park Maintenance and Parking Enforcement.</p>
<p>Design and Environment Flood Risk Management Strategy; Flood Risk Management Plans; Watercourses; Flood Mitigation; Coastal Protection; Inspection of Piers & Harbours; Bridge Inspections and Maintenance; Structural Assessments; Technical Approval; Abnormal Load Routing; and Design of Major and Minor Road Schemes and Improvements.</p>	<p>Design and Environment Maintenance of Watercourses, Bridges, Retaining Walls, Piers and Harbours.</p>
<p>Operations Carriageway Inspections; Winter Service Planning; Programming of Proactive, Reactive and Cyclic Maintenance; Street Lighting Design and Management; and Festive Lighting.</p>	<p>Operations Proactive, Reactive, Cyclic Maintenance of Roads and Footways; Winter and Weather Emergency Service; Proactive and Reactive Maintenance of Streetlights; Electricity costs for streetlights.</p>
<p>Support Services HR, Finance, ICT, and Administrative Support.</p>	

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AYRSHIRE SHARED SERVICES JOINT COMMITTEE
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SERVICE SUMMARY - OVERVIEW POSITION

It is anticipated that Ayrshire Roads Alliance will outturn £1.833m greater than budget at 31st March 2025

Actual Expenditure as at P4 £m	Actual Expenditure as % of Ann. Est. £m	Service Division	Annual Estimate 2024/25 £m	Projection to 31/3/25 £m	Variance (Favourable) / Adverse £m
(0.348)	-10.4%	STRATEGIC DELIVERY	3.336	2.994	(0.342)
3.102	75.6%	LOCAL DELIVERY - EAST AYRSHIRE	4.101	5.033	0.932
0.000	0.0%	LOCAL DELIVERY - SOUTH AYRSHIRE	4.221	5.464	1.243
2.754	23.6%	TOTAL	11.658	13.491	1.833
		EARMARKED FUNDS TO BE CARRIED FORWARD			
2.754	23.6%	TOTAL INCLUDING EARMARKED FUNDS	11.658	13.491	1.833

STRATEGIC DELIVERY

This variance reflects a number of employee vacancies and turnover within the service (£0.246m), a budget for unfunded superannuation costs within ARA – South which will not be required (£0.100m), along with a saving on ARA – South insurance costs (£0.099m).

This is partly offset by additional expenditure on supplies and services (£0.061m) particularly in relation to computing and subscription costs, along with a shortfall in income (£0.026m)

LOCAL DELIVERY – EAST AYRSHIRE

This variance mainly reflects shortfalls in income particularly in roads maintenance (£0.656m) and parking (£0.234m) income along with street lighting electricity (£0.367m), winter maintenance costs (£0.193m), additional security at Kilmarnock Bus Station (£0.048m) and consultancy costs for new computer systems (£0.115m)

This is partly offset by vacancies, particularly within Roads Maintenance (£0.695m).

LOCAL DELIVERY – SOUTH AYRSHIRE

This variance mainly reflects a shortfalls in parking income (£0.701m), loss of festive lighting (£0.060m) income and pier dues (£0.024m). along with street lighting electricity (£0.464m), subcontractors (£0.316m), seasonal income for festive lights (£0.060m), pier dues (£0.024m), additional overtime costs (£0.090m) and consultancy costs for new computer systems (£0.115m)

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This is partly offset by vacancies/turnover (£0.397m), EV electricity (£0.118m) and roads maintenance materials (£0.100m).

STRATEGIC DELIVERY

Actual Expenditure as at P4 £m	Actual Expenditure as % of Ann. Est. £m	Service Division	Annual Estimate 2024/25 £m	Projection to 31/3/25 £m	Variance (Favourable) / Adverse £m
1.055	29.4%	EMPLOYEE COSTS	3.583	3.237	(0.346)
0.028	66.7%	PREMISES COSTS	0.042	0.045	0.003
0.017	68.0%	TRANSPORT COSTS	0.025	0.033	0.008
0.122	16.3%	SUPPLIES & SERVICES	0.749	0.711	(0.038)
0.000	0.0%	THIRD PARTY PAYMENTS	0.000	0.000	0.000
0.005	0.0%	DEBT CHARGES	0.000	0.005	0.005
1.227	27.9%	TOTAL EXPENDITURE	4.399	4.031	(0.368)
(1.575)	148.2%	INCOME	(1.063)	(1.037)	0.026
-0.348	-10.4%	NET EXPENDITURE	3.336	2.994	(0.342)
		EARMARKED FUNDS TO BE CARRIED FORWARD			
(0.348)	-10.4%	TOTAL INCLUDING EARMARKED FUNDS	3.336	2.994	(0.342)

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Projected Variance at 31 March 2025 (£m)	Strategic Delivery
(0.346)	<p>Employee Costs This variance reflects a number of vacant posts (£0.246m) and a budget for severance costs within ARA – South which will not be required (£0.100m).</p>
0.008	<p>Transport Costs This variance reflects external hires (£0.005m) along with a number of smaller variances (£0.003m).</p>
(0.038)	<p>Supplies & Services This variance reflects a saving on ARA South Insurance premiums (£0.99m), partly offset by computer related expenditure (£0.042m) and subscriptions (£0.011m)</p>
0.026	<p>Income This variance mainly reflects a shortfall in ad-hoc income (£0.030m), partly offset by additional recharges to capital programme (£0.004m)</p>
0.008	<p>Other Variances This represents other non-material variances within Strategic Delivery.</p>
(0.342)	Total reported variance

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LOCAL DELIVERY – EAST AYRSHIRE

Actual Expenditure as at P4 £m	Actual Expenditure as % of Ann. Est. £m	Detail	Annual Estimate 2024/25 £m	Projection to 31/3/25 £m	Variance (Favourable) / Adverse £m
0.794	23.8%	EMPLOYEE COSTS	3.341	2.564	(0.777)
0.407	126.0%	PREMISES COSTS	0.323	0.326	0.003
0.487	58.2%	TRANSPORT COSTS	0.837	0.838	0.001
1.191	63.0%	SUPPLIES & SERVICES	1.891	3.468	1.577
0.860	70.0%	THIRD PARTY PAYMENTS	1.228	1.313	0.085
0.358	111.5%	DEBT CHARGES	0.321	0.358	0.037
4.097	51.6%	TOTAL EXPENDITURE	7.941	8.867	0.926
(0.995)	25.9%	INCOME	(3.840)	(3.834)	0.006
3.102	75.6%	NET EXPENDITURE	4.101	5.033	0.932
		EARMARKED FUNDS TO BE CARRIED FORWARD			
3.102	75.6%	TOTAL INCLUDING EARMARKED FUNDS	4.101	5.033	0.932

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Projected Variance at 31 March 2025 (£m)	Local Delivery - East Ayrshire
(0.777)	<p><u>Employee Costs</u> This variance represents vacant posts (£0.695m), particularly within Roads Maintenance Unit, modern apprentices (£0.089m) and employee recharges in respect of cross boundary working (£0.037m) This is partly offset by additional overtime (£0.030m) and standby (£0.022m).</p>
1.577	<p><u>Supplies & Services</u> This variance mainly reflects additional expenditure on EV electricity (£0.807m) which is rechargeable to users, street lighting electricity (£0.367m), winter maintenance materials (£0.193m) and security at Kilmarnock Bus Station (£0.155m), a portion of which is rechargeable, along with additional expenditure on new systems (£0.115m). This is partly offset by a favourable bad debt provision in respect of Campbell Fuels (£0.091m).</p>
0.085	<p><u>Third Party Payments</u> This variance reflects additional maintenance contractors (£0.072m) and bus station cleaning (£0.012m)</p>
0.037	<p><u>Debt Charges</u> This variance reflects higher debt charges for LED replacement projects (£0.047m) offset by lower vehicle charges (£0.010m)</p>
0.006	<p><u>Income</u> This variance reflects shortfalls in roads maintenance (£0.656m) and parking (£0.234m) income. Offset by EV charging income (£0.755m) and rechargeable income (£0.107m) particularly in relation to Kilmarnock Bus Station and income from the sale of online roads maintenance modules (£0.020m).</p>
0.004	<p><u>Other Variances</u> This represents other non-material variances within Local Delivery</p>

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0.932	Total reported variance
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LOCAL DELIVERY – SOUTH AYRSHIRE

Actual Expenditure as at P4 £m	Actual Expenditure as % of Ann. Est. £m	Service Division	Annual Estimate 2024/25 £m	Projection to 31/3/25 £m	Variance (Favourable) / Adverse £m
0.000	0.0%	EMPLOYEE COSTS	2.570	2.272	(0.298)
0.000	0.0%	PREMISES COSTS	0.206	0.224	0.018
0.000	0.0%	TRANSPORT COSTS	1.117	1.118	0.001
0.000	0.0%	SUPPLIES & SERVICES	2.093	3.024	0.931
0.000	0.0%	THIRD PARTY PAYMENTS	1.201	1.517	0.316
0.000	0.0%	DEBT CHARGES	0.213	0.180	(0.033)
0.000	42.5%	TOTAL EXPENDITURE	7.400	8.335	0.935
0.000	0.0%	INCOME	(3.179)	(2.871)	0.308
0.000	0.0%	NET EXPENDITURE	4.221	5.464	1.243
		EARMARKED FUNDS TO BE CARRIED FORWARD			
0.000	0.0%	TOTAL INCLUDING EARMARKED FUNDS	4.221	5.464	1.243

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Projected Variance at 31 March 2025 (£m)	Local Delivery - South Ayrshire
(0.298)	Employee Costs This variance mainly reflects staff turnover due to vacancies (£0.397m), partly offset by additional overtime (£0.090m) and employee recharges in respect of cross boundary working (£0.011m)
0.018	Premises Costs This variance reflects non-domestic rates charges (£0.014m) and trade refuse collection (£0.004m).
0.931	Supplies & Services This variance mainly reflects street lighting electricity charges (£0.464m), EV charging costs (£0.260m) which are rechargeable to users, consultancy costs (£0.178m) which are partly offset by additional income, additional expenditure on new computer systems (£0.115m) along with a number of small variances (£0.034m). This is partly offset by savings on roads maintenance materials (£0.100m) and licences (£0.020m).
0.316	Third Party Payments This variance reflects additional roads maintenance (£0.273m) and Design (£0.036m) contractors, along with the servicing of waste containers in car parks (£0.008m)
(0.033)	Debt Charges This variance reflects a reduction in debt charges for new vehicles within Roads Maintenance
0.308	Income This variance reflects the continuing loss of parking income (£0.701m) including the 2 hour free parking initiative, loss of festive lighting income (£0.060m) and reduced pier dues (£0.024m). This is partly offset by additional income in relation to EV charging (£0.378m), additional Traffic income for the LDP2 Transport Assessment (£0.041m) and design fees in relation to Dundonald Recreational Park drainage (£0.027m) along with various small over-recoveries (£0.031m).
0.001	Other Variances This represents other non-material variances within Local Delivery
1.243	Total reported variance

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